

Department of Public Health
and Human Services

Section:
MEDICALLY NEEDY

FAMILY MEDICAID

Subject:
Overview

DRAFT

Supersedes: FMA 700; 02/01/01

► **References:** 42 CFR 435.320, .322, .324, .403, .811, .831, .845; ARM 37.82.101, 37.82.1101 - .1111

GENERAL RULE--Medically Needy applicants/recipients who are reasonably certain to incur medical expenses, or make a cash payment equal to the amount of their incurment obligation will have eligibility determined. Medically Needy coverage will be provided to applicants who:

1. Meet the nonfinancial requirements of the Family-Related Medicaid Programs of:

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- a. Family Medicaid (MA-FM);
 - b. Qualified Pregnant Woman (MA-QP);
 - c. Ribicoff Child (MA-RK); and
 - d. CWS Foster Care (MA-FW).

2. Have countable resources within the \$3,000 resource limitation (FMA 001); and

If an applicant has excessive resources at time of application, but verifies those resources are no longer available by month end, Medicaid eligibility may be established for the month.

3. Either:

- a. Choose cash option and pay the required amount (see FMA 702-1); or
- b. Incur medical expenses equal to the difference between their total countable income and the Medically Needy Income Level (MNIL) for the filing unit (see FMA 703-1).

DEFINITIONS

Medically Needy A case is considered **Medically Needy** if the benefit standard (FMA 002, pg. 3) is exceeded.

A case may be medically needy without an incurment. This happens when the benefit standard is exceeded, but the Medically Needy Income Level (MNIL - FMA 003, pg. 2) is not exceeded.



A case is medically needy with an incurment when both the benefit standard and MNIL are exceeded.

If a case is medically needy, the parent/specified caretaker relative **cannot** be included in coverage whether or not there is an incurment.

MAO

MAO (*Medical Assistance Only*) refers to situations when the benefit standard is **not** exceeded. The specified relative **can** be included in MAO cases.

► EXAMPLES:

Filing unit is a household of three, mom and two children under age 19. The same filing unit is used in all examples.

1. Total countable income is \$454 per month. \$454 is below the benefit standard of \$491 for a household of three, so this case is **MAO**. Mom *can* be included in coverage.
2. Total countable income is \$498 per month. \$498 exceeds the benefit standard (\$491), but is below the Medically Needy Income Standard of \$658. This case is **Medically Needy without an incurment**. Mom *cannot* be included in coverage.
3. Total countable income is \$689 per month. \$689 exceeds both the benefit standard (\$491) and the Medically Needy income standard (\$658). This case is **Medically Needy with an incurment** (\$689 - \$658 = \$31 incurment). Mom *cannot* be included.

DISREGARDS

Deduct appropriate income disregards if GMI is passed. Medically needy cases receive different disregards than non-medically needy cases. See FMA 602-1 for more information.

HOUSEHOLD COMPOSITION

The needs of the natural/adoptive/step-parent(s) or other specified caretaker relative cannot be included in the assistance unit. Only the needs of the children may be covered. However, if the specified caretaker relative is a natural or adoptive parent(s) living in the same household, they must be considered in the filing unit. Therefore total countable income and resources of the parent(s) are counted in full. Medical expenses of the parent(s) may be used to meet the incurment. The natural/adoptive parent's participation code is 'SR' (specified relative).

A stepparent must be coded 'DP' on SEPA and their income must be deemed to the filing unit. See FMA 603-1 for more information on deeming.

MEDICALLY NEEDY ELIGIBLE

An applicant is eligible for medically needy coverage after meeting:

1. all non-financial eligibility criteria;
2. the resource criteria; and
3. the incurment obligation has been established.

► BENEFIT AUTHORIZATION

Medically needy benefits must be authorized (i.e., Medicaid eligibility sent to MMIS) after:

1. the participant has incurred medical expenses equal to the incurment obligation amount; or
2. Fiscal Bureau has received a check or money order for the recipient's payment due (incurment) amount.

Fiscal Bureau will complete TEAMS Medicaid ID card authorization process on the INCU screen after the recipient's payment is received in that office.

DATE MEDICAID COVERAGE BEGINS

Medicaid-covered expenses will be paid:

1. Medical Expense Incurment: from date the incurment obligation is met through month end; or
2. Cash Option: after s/he pays amount due, for the full month.

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